



Waverley Trading Co-operative Limited

REGISTERED OFFICE
21 RAILWAY PARADE, GLEN WAVERLEY
PHONE: 9803 9999

NOTICE OF MEETING
The forty third Annual General Meeting
will be held on Monday, 8th November, 2004
at 8.00 pm
at 21 Railway Parade, Glen Waverley

2004 Annual Report and Financial Statements

AGENDA

1. To confirm the minutes of the forty second Annual General meeting held on 27 October, 2003.
2. To receive and adopt the reports of the Board of Directors and auditors for the year ended 30 June, 2004.
3. To receive and adopt the financial statements of the Co-operative for the year ended 30 June, 2004.
4. To elect three (3) directors to fill vacancies on the board of directors and determine the remuneration of directors.
5. To consider any other business of which due notice has been given.

WAVERLEY TRADING CO-OPERATIVE LIMITED
Profit and Loss Account for the year ended 30 June 2004

| | Note | 2004 | 2003 \$ |
|--|------|------------------|--------------------|
| SALES | | 835,518 | 808,727 |
| Less cost of sales | | 603,374 | 590,443 |
| GROSS PROFIT FROM TRADING | | 232,144 | \$218,284 |
| OTHER INCOME | | | |
| Discount received | | 13,290 | 18,029 |
| Interest and dividends | | 4,687 | 4,759 |
| Handling fee | | 0 | 422 |
| Shares Administration Fee | | 52,595 | 0 |
| | | 70,572 | 23,210 |
| GROSS PROFIT | | 302,716 | \$241,494 |
| LESS EXPENSES | | | |
| Advertising | | 3,116 | 1,276 |
| Audit fee - | 3 | 11,800 | 14,013 |
| Bank Charges | | 9,108 | 11,788 |
| Directors' fees- | 4 | 6,500 | 6,500 |
| Depreciation- | 1(a) | 6,353 | 6,262 |
| Insurance | | 4,927 | 5,135 |
| Light & power | | 2,553 | 3,214 |
| Postage | | 1,134 | 1,110 |
| Printing, stationery & office supplies | | 2,338 | 4,496 |
| Rent and other occupancy costs | | 58,503 | 56,424 |
| Salaries | | 190,427 | 192,679 |
| Subscriptions | | 986 | 727 |
| Superannuation | | 22,506 | 18,557 |
| Sundry expenses | | 7,362 | 6,717 |
| Telephone | | 5,017 | 4,662 |
| | | 332,630 | 333,560 |
| OPERATING (LOSS) | | (29,914) | (92,066) |
| Income tax expense - | 2(a) | Nil | Nil |
| (LOSS) AFTER INCOME TAX | | (29,914) | (92,066) |
| (Accumulated losses) as at 1 July 2003 | | (186,853) | (94,787) |
| Total available for appropriation | | (216,767) | (186,853) |
| Transfer from (to) statutory reserve | | Nil | Nil |
| (Accumulated losses) as at 30 June 2004 | | (216,767) | \$(186,853) |

WAVERLEY TRADING CO-OPERATIVE LIMITED**Balance Sheet as at 30 June 2004**

| MEMBERS FUNDS | Note | 2004 | 2003 |
|--|-------------|----------------|------------------|
| Share Capital | | | \$ |
| Shares at \$2.00 each | | 792,800 | 831,654 |
| (Accumulated Losses) | | (216,767) | (186,853) |
| TOTAL MEMBERS FUNDS | | 576,033 | \$644,801 |
| Represented by- | | | |
| CURRENT ASSETS | | | |
| Inventories- | 1(b) | 437,405 | 510,049 |
| Trade and Sundry debtors | | 4,478 | 1,177 |
| Deposits | | 152,908 | 151,490 |
| Other debtors and prepayments | | 5,026 | 4,739 |
| Cash on hand | | 1,386 | 848 |
| Cash at bank | | 28,487 | 26,967 |
| TOTAL CURRENT ASSETS | | 629,690 | \$695,270 |
| LESS CURRENT LIABILITIES | | | |
| Trade creditors | | 10,518 | 14,856 |
| Sundry creditors | | 27,892 | 25,774 |
| Members' dividend account | | 10,750 | 13,879 |
| Provision holiday pay and long service leave - | I(c) | 28,386 | 26,019 |
| TOTAL CURRENT LIABILITIES | | 77,546 | \$80,528 |
| NET CURRENT ASSETS | | 552,144 | \$614,742 |
| INVESTMENTS, at cost | | | |
| Shares. | | | |
| Waverley Credit Union Co-operative Limited | | 10 | 10 |
| Co-operative Energy Ltd. | | 10 | 10 |
| License Fee | | | |
| Frontline Stores Australia Ltd. | | 2,500 | 2,500 |
| TOTAL INVESTMENTS | | 2,520 | \$2,520 |
| PROPERTY PLANT & EQUIPMENT | | | |
| Equipment, fixtures and fittings at cost | | 98,008 | 97,849 |
| less provision for depreciation | | 76,639 | 70,310 |
| TOTAL PROPERTY PLANT & EQUIPMENT | | 21,369 | 27,539 |
| NET ASSETS | | 576,033 | 644,801 |

WAVERLEY TRADING CO-OPERATIVE LIMITED

Notes to and forming part of the Accounts for the year ended 30 June 2004.

1. SIGNIFICANT ACCOUNTING POLICIES

General Principles

In the opinion of the directors the Co-operative is not a reporting entity as there is unlikely to exist users who are unable to command the preparation of reports tailored so as to satisfy specifically all of their information needs and the accounts are therefore "Special Purpose Financial Statements" that have been prepared solely to meet the requirements of the Co-operatives Act 1996.

The accounts are not drawn up in accordance with the applicable Accounting Standards and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views), as there are no legislative requirements to do so.

The accounts have been prepared in accordance with the Co-operatives Act 1996 using the historical cost convention and except where stated, do not take into account changing money values or current valuations on non-current assets. The accounting policies adopted are consistent with those of the previous year.

(a) **Depreciation:**

All assets are depreciated over their effective useful lives. Rates of depreciation are determined using an effective useful life published by the Australian Taxation Office and/or estimates made by directors. Assets costing less than \$1,000 are allocated to a low value pool and depreciated at statutory rates as determined by the Australian Taxation Office.

(b) **Inventories:**

Inventories are stated at the lower of cost and net realisable value.

(c) **Provision for holiday pay and long service leave:**

- (i) Provision for holiday pay is calculated on the basis of legal liability.
- (ii) Long service leave is provided for after a period of seven years.

(d) **Income Tax**

The Co-operative adopts the liability method of tax-effect accounting whereby the income tax expense shown in the profit and loss account is based on the operating profit/(loss) before income tax adjusted for any permanent differences.

Timing differences which arise due to the different accounting periods in which items of revenue and expense are included in the determination of the operating profit/(loss) before income tax and taxable income, are brought to account as either a provision for deferred income tax or as a Future Income Tax Benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Future Income Tax Benefits are not brought to account unless realisation of the asset is assured beyond any reasonable doubt. Future Income Tax Benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income tax legislation and the anticipation that the Co-operative will derive sufficient future assessable income and comply with the conditions of deductibility imposed by the law.

2. INCOME TAX

(a) The prima facie tax payable on the operating (loss) differs from the income tax provided in the accounts and is reconciled as follows:

| | 2004 | 2003 |
|--|-------------|-------------|
| | \$ | \$ |
| Operating (Loss) and extraordinary items before income tax | (29,914) | (92,066) |
| Prima facie tax payable at 30% | (8,974) | (27,620) |
| Tax effect on (increase)/decrease in tax losses | 8,974 | 27,620 |
| | <hr/> | <hr/> |
| Income Tax Expense | Nil | Nil |
| Tax effect of timing differences: | | |
| Increase in accrued audit fee | 45 | (2,800) |
| Interest income accrued | (871) | Nil |
| Increase in provision for long service leave and holiday pay | 710 | (786) |
| Tax effect of Increase in Income Tax Losses | 116 | 4,047 |
| Cash register fully depreciated | NIL | (461) |
| | <hr/> | <hr/> |
| | Nil | Nil |
| | <hr/> | <hr/> |
| | Nil | Nil |
| | <hr/> | <hr/> |
| Less Instalments paid | Nil | Nil |
| Provision for income tax | Nil | Nil |

b) A possible Future Income Tax Benefit also exists in relation to timing differences and income tax losses. This future tax benefit has not been recognised as an asset in the special purpose financial statements and will only be realised if:-

- (i) The Co-operative derives future assessable income of a nature and of an amount sufficient to enable the benefit from deductions to be realised;
- (ii) The Co-operative continues to comply with the conditions for deductibility imposed by the law; and
- (iii) No changes in tax legislation adversely affect the Co-operative in realising the benefit from the deductions.

3. AUDITORS' REMUNERATION

Services provided by the auditors were as follows.

| | 2004 | 2003 |
|----------------|-------------|-------------|
| | \$ | \$ |
| Audit | 11,650 | 8,240 |
| Other Services | Nil | Nil |
| | <hr/> | <hr/> |
| | 11,650 | 8,240 |

4. DIRECTORS' FEES

The Directors of the society are not engaged in full time employment with the society and have received no remuneration other than that disclosed in the accounts and in the directors' report.

5. SECURED LIABILITIES

An overdraft facility with Waverley Credit Union Co-operative Limited is secured by a floating charge over the assets of Waverley Trading Co-operative Limited.

6. CONTINGENT LIABILITIES

Nil NIL

7. COMMITMENTS FOR EXPENDITURE

Capital expenditure contracted for within one year

Nil NIL

Lease expenditure contracted for:

Operating Lease

Shop facilities were leased on 1st July 2003 for three years.

| | | |
|------------------------------|--------|--------|
| Due within one year | 52,000 | 52,000 |
| Due within one to two years | 52,000 | 52,000 |
| Due within two to five years | 52,000 | 52,000 |

156,000 156,000

8. DIRECTORS' BENEFITS

Total remuneration of directors

6,500 6,500

Directors fees

6,500 6,500

Retirement benefits of directors

Nil NIL

Loan to directors

(1) Amount due at reporting date

Nil NIL

(2) Amounts of:

(i) loans made during the year

Nil NIL

(ii) loans repaid during the year

Nil NIL

Transactions with director related entities:

(1) Computer services

995 135

(2) Electrical work

Nil 4,306

WAVERLEY TRADING CO-OPERATIVE LIMITED
DIRECTORS' REPORT

The Directors present for your approval the Annual Report and Financial Statements for the year ended 30 June 2004.

DIRECTORS:

The directors in office at the date of this report are Graham Gunn (Chairman), Martin Coull, John Van de Graff, Inez Baker and Chris Stocks.

No Director other than Martin Coull and Graham Gunn received or became entitled to receive any benefit since the end of the previous financial year by reason of a contract made by the society with any director or with a firm of which a director is a member, or with a company in which a director has a substantial financial interest.

Martin Coull is a director of Martin Coull Computer Services who are our computer consultants. Graham Gunn is an electrical contractor who has provided services as required.

PRINCIPAL ACTIVITY:

The principal continuing activity of the society is retailing of school uniforms.
No significant change in the nature of this activity has occurred during the year.

OPERATING RESULTS AFTER TAX:

The operating results of the society for the financial year amounted to a loss after tax of \$29,914 (2003 loss \$92,066).

RESERVES AND PROVISIONS:

The amount and particulars of any material transfers to or from reserves or provisions are as follows:

| | 2004 | 2003 |
|----------------------------------|-------------|-------------|
| Transfer to/(from) | \$ | \$ |
| Provision for holiday pay | (88) | 1,308 |
| Provision for long service leave | 2,457 | 1,313 |
| Provision for depreciation | 6,353 | 6262 |

DIVIDENDS:

The directors have not approved the payment of a dividend.

DEBTS RECEIVABLE AND OTHER CURRENT ASSETS:

Prior to the preparation of the society's financial statements for the year, the directors took reasonable steps to ascertain whether any action needed to have been taken in relation to the writing off of bad debts, and the creation of a provision for doubtful debts and to cause all known bad debts to be written off and adequate provision to be made for doubtful debts and whether any other current assets were unlikely to realise in the ordinary course of business their value as shown in the accounting records of the society.

At the date of this report the directors are not aware of any circumstances which would, require any amount to be written off for bad debts or, make any provision for doubtful debts, to any substantial extent, nor are they aware of any circumstances which would render the values attributed to the current assets in the financial statements misleading.

WAVERLEY TRADING CO-OPERATIVE LIMITED
DIRECTORS' REPORT (Cont'd)

CONTINGENT LIABILITIES:

At the date of this report there is:

- (a) no charge on the assets of the society which has arisen since the end of the financial year which secures the liabilities of any other person, and
- (b) no contingent liability which has arisen since the end of the financial year.

No contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the society to meet its obligations when they fall due.

EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR:

No item, transaction or event of a material nature has arisen in the interval between the end of the financial year and the date of this report which in the opinion of the directors, will affect substantially the results of the society's operations for the next succeeding financial year.

OTHER CIRCUMSTANCES:

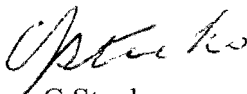
At the date of this report the directors are not aware of any circumstances which would render any amount in the financial statements misleading.

SHARE OPTIONS:

The society has not during the course of the year or since the end thereof granted to a person an option to have issued to him/her shares in the society.

Dated at Glen Waverley the 11/10/64 on behalf of the Board.

G Gunn,
Director



C Stocks
Director

CHAIRMAN'S REPORT

We have had a very challenging year with lots of expenditure this year due to extra rental expenses, Workcare cover, Superannuation relating to previous years.

Our staff management and our Board members have all put extra time and effort into rectifying the matters so we can have a better start for the following year.

Our shoe department has been successful with our members and is progressing extremely well.

Our board would like to take this opportunity to thank the Management, Mrs Tighe and staff for their great effort and support during the year.


STATEMENT BY DIRECTORS

We Graham Gunn and Chris Stocks being two of the directors of the Waverley Trading Co-Operative Limited, state on behalf or and in accordance with a resolution of Directors,

- a) The Profit and Loss Account is drawn up so as to give a true and fair view of the society for the financial year ended 30th June, 2004.
- b) The Balance Sheet is drawn up so as to give a true and fair view of the state affairs of the society as at 30th June, 2004.

For and on behalf of the Board.

G Gunn
Director



C Stocks
Director

**AUDITORS' REPORT TO THE MEMBERS OF
WAVERLEY TRADING CO-OPERATIVE LIMITED**

We have audited the financial statements of Waverley Trading Co-Operative Limited for the financial year ended 30 June 2004. The Co-operative's directors are responsible for the preparation and presentation of the financial statements and the information contained therein. We have conducted an independent audit of the financial statements in order to express an opinion on their preparation and presentation.

The financial report has been prepared for the members. We disclaim any assumption of responsibility for any reliance on this report or on the financial statements to which it relates to any person other than the members.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurances as to whether the financial statements are free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements and the evaluation of accounting policies and significant account estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with Australian Accounting Standards, the Co-operatives Act 1996 and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) so as to present a view which is consistent with our understanding of the Co-operative's financial position and the results of its operations.

As detailed in the Summary of Accounting Policies, the Co-operative is not a reporting entity because in the directors' opinion, there is unlikely to exist users who are unable to command the preparation of reports tailored so as to satisfy specifically all of their information needs; these Accounts are therefore "Special Purpose Financial Statements" that have been prepared solely to meet the Co-operatives Act 1996 requirements to prepare Accounts.

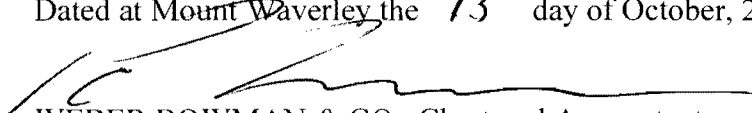
The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion the financial statements are properly drawn up:-

- (a) so as to give a true and fair view of;
 - (i) the state of affairs of the Co-operative as at 30 June, 2004 and the results of the Co-operative for the year ended on that date; and
 - (ii) the other matters required by the Co-operatives Act 1996 to be dealt with in the accounts.
- (b) the accounting records and other records, and the registers required by the Act to be kept by the Co-operative have been properly kept in accordance with the provisions of the Co-operatives Act 1996.

Dated at Mount Waverley the 13th day of October, 2004


WEBER BOWMAN & CO., Chartered Accountants
PETER BOWMAN, Partner

WAVERLEY TRADING CO-OPERATIVE LIMITED**A.B.N. 99 425 783 908****STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE, 2004**

| | 2004 | 2003 |
|---|-----------------|-------------------|
| | \$ | \$ |
| <u>CASH FLOW FROM OPERATING ACTIVITIES</u> | | |
| Receipts from customers | 845,685 | 809,120 |
| Payments to suppliers and employees | (818,012) | (918,390) |
| Interest received | 4,687 | 4,759 |
| Discounts received | 13,280 | 18,029 |
| | <hr/> | <hr/> |
| Net cash provided by operating activities | 45,640 | (\$86,482) |
| | <hr/> | <hr/> |
| <u>CASH FLOW FROM INVESTING ACTIVITIES</u> | | |
| Payments for property, plant and equipment | (181) | (22,226) |
| | <hr/> | <hr/> |
| Net cash used in investing activities | (181) | (22,226) |
| | <hr/> | <hr/> |
| <u>CASH FLOW FROM FINANCING ACTIVITIES</u> | | |
| Proceeds from issues of shares | 23,523 | 17,512 |
| Payment for shares withdrawn | (62,377) | |
| Dividends paid | (3,129) | (49) |
| | <hr/> | <hr/> |
| Net cash provided by financing activities | (41,983) | 17,463 |
| | <hr/> | <hr/> |
| Net increase (decrease) in cash held | 3,476 | (91,245) |
| Cash at the beginning of the financial year | 179,305 | 270,550 |
| | <hr/> | <hr/> |
| Cash at the end of the financial year | 182,781 | \$179,305 |
| | <hr/> | <hr/> |
| <u>RECONCILIATION OF CASH</u> | | |
| Cash on hand | 1,386 | 848 |
| Cash at Bank | 28,487 | 26,967 |
| Cash on Deposit | 152,908 | 151,490 |
| | <hr/> | <hr/> |
| | 182,781 | \$179,305 |